

THE MADRAS LEGISLATIVE ASSEMBLY.

Saturday, 14th March 1953.

The House met in the Assembly Chamber, Government Estate, Mount Road, at half-past four of the clock, Mr. Speaker (THE HON. SRI J. SIVASHANMUGAM PILLAI) in the Chair.

[Note.—An asterisk (*) at the commencement of a speech indicates revision by the Member.]

I.—MESSAGE FROM THE GOVERNOR.

MR. SPEAKER :—“ I have to inform the House that I have received the following message, dated the 14th March 1953, from the Governor :—

‘ I have received with great satisfaction your Resolution of Thanks for the Address with which I opened the present session of the Legislature.’ ”

II.—PRESENTATION OF THE BUDGET FOR THE YEAR 1953-54.

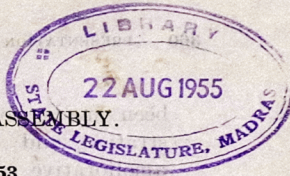
SRI VAVILALA GOPALAKRISHNAIAH :—“ On a point of order, Sir, అధ్యక్షా, టేబిల్ మీద ఉంచిన బడ్జెటు ఎన్టీమేట్లలోని అంకెలలో, బళ్లారి జిల్లాను తెలుగు జిల్లాలనుంచి ప్రత్యేకించి అవసరమైనట్లుగా చేర్చారు. ఇందుకు నా ఆభ్యంతరాన్ని తెలుపుతూ నేనీ బడ్జెటు సమావేశమునుంచి బయటకు వెళ్లిపోతున్నానని తమకు తెలియజేస్తున్నాను.

“ Sir, the Government have excluded the Bellary district from the Telugu districts in the accounts placed before us . . . ”

MR. SPEAKER :—“ It is no point of order at all. Will the hon. Member please resume his seat? ”

“ The Hon. Finance Minister will now present the Budget.”

THE HON. SRI C. SUBRAMANIAM :—“ Sir, we have assembled for the budget session in an unusual atmosphere. The impending partition has cast its shadow on us and our objective vision is somewhat blurred. In spite of many divergences, we had maintained in the past, a unity of purpose in all our deliberations, but now the air is charged with doubts, suspicions, and irritation. In these exceptional circumstances, I consider it prudent to present the budget for 1953-54, in a shape which will provoke the least controversy. The estimates have been prepared as usual, for the full year. Provision has



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been made for carrying on the general administration and continuing without interruption the ameliorative schemes already in operation. A few new schemes have also been proposed, but only to the extent they have become unavoidable, in the light of the progress on schemes in operation. But demands will not be moved for the full year. After the general discussion, a Vote on Account will be asked for, to meet the anticipated expenditure during the first six months of the financial year, by which time the New State of Andhra will have statutorily come into being. The Legislatures constituted for the two new States will thereafter have to consider their respective budgets afresh. That is the appropriate occasion for considering new schemes of expenditure and development, according to the resources at the disposal of the two States. If the partition is delayed for any unavoidable and unexpected reason, Government must come to the House again with Demands for the full year; but let us hope that this contingency may not arise.

Seasonal
conditions.

“ 2. When Government presented the budget for the current year, towards the end of last June, we were in the grip of unprecedented famine. In our assessment of the magnitude of the disaster and the extent to which necessary relief measures would cut into our resources, we had erred on the wrong side. As against an estimated outlay of about Rs. 6 crores, we have already spent about Rs. 10 crores on famine-relief and expenditure continues to be incurred, though on a reduced scale. When rains came down in the famine area towards the end of May, the acute scarcity of drinking-water was relieved, but the rains were not in time, to enable large-scale agricultural operations. Famine conditions therefore persisted in Rayalaseema. They gradually spread over the central districts of Coimbatore, Salem, North

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Arcot, South Arcot and Chingleput as the south-west monsoon held back. The rains in early October did some good, but the north-east monsoon again proved disappointing, with the result that crops withered in many areas. Conditions, however, improved to some extent in the central districts and elsewhere, with the onset of rains towards the end of November. Acute distress has now shifted to the southern districts of Tirunelveli, Ramanathapuram and Madurai, which did not benefit by the cyclonic spell and relief measures have had to be organized there. A late crop is now being raised in the central districts and an indifferent crop has been raised in large parts of Rayalaseema. There are still very many pockets of distress in these districts and relief measures are being continued there. Land Revenue remissions are being granted and instalments of Takkavi loans are also being postponed wherever necessary. All reasonable steps have to be taken to alleviate distress and it is too soon to estimate the cost of famine measures for the budget-year.

“ 3. The devastation caused by the cyclone, in ^{Cyclone.} Tanjore and large parts of Tiruchirappalli districts, cannot be reckoned in terms of money. Relief measures were promptly organized to assist the poor to absorb the immediate shock and set them back on their feet. The cost to the State has already exceeded Rs. 25 lakhs. While we bemoan the loss sustained by the people in this calamity, we must be thankful for the rains which accompanied the gale. Over a million acres of paddy in the Cauvery delta were saved from imminent danger, consequent on the storage in the Mettur reservoir having been fully drained. The central districts also turned the corner with these rains, but for which, our food economy would have been in a deplorable state.

“ 4. Even though seasonal conditions are less ^{Power} unfavourable than in last year, the storage in our ^{shortage.}

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hydro-electric reservoirs is sadly depleted. The Mettur power house has been virtually closed down and the Papanasam reservoir is also running dry. The bulk of the load of the Southern Grid is now on the Pykara system, which is naturally unable to meet the demand. Drastic power-cuts have been imposed and this is bound to have very adverse repercussions on our industrial production, unless replenishment comes down the skies early. I am afraid we must be prepared for some unemployment and distress in the industrial areas of Coimbatore, Tiruchirappalli and Madurai districts, in the next few months. The City is in a more fortunate position as the first set of generators of the Madras Plant extension scheme, is just going into commission, releasing 15,000 K.Ws. of additional power. In years of drought, our hydro-electric grid requires adequate thermal support to maintain the load during the non-irrigation months. The hon. Leader of the Opposition may note this please. The Government have been well aware of this need, but the installation of thermal plant of sufficient capacity will involve large capital running into some crores of rupees. The resources of the Government are, however, severely limited. The choice before the Government was whether resources should be utilized to supply power to new areas, or whether the supply should be stabilized in areas which had already derived some benefit. The Government decided in favour of extension of power to new areas and so we have now the Machkund scheme for the Circars and the Tungabhadra scheme for Rayalaseema, under implementation. Plans and estimates are, however, under preparation, to make up for the deficit in thermal strength in the Southern Grid and let us hope that we will soon be able to gather the resources necessary for this purpose.

Lignite
investiga-
tion.

“ 5. In this connexion, Honourable Members may have learnt with interest that certain investigations

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are now in an advanced stage of progress at Neiveli in South Arcot district, towards mining lignite or the brown coal, located in that area. Samples have been taken out and found on test to have adequate calorific value. A pilot scheme has just been started at an estimated cost of about Rs. 70 lakhs, with the aid of machinery, generously lent to us by the Government of India and provision has been made in the budget for this purpose. The object of this experimental scheme is to find out with certitude, whether the deposits can be reached through the intervening layers of artesian springs and to assess the cost at which the mineral can be brought out for industrial use. If the experiment succeeds, i.e., if the cost of extraction is less than about Rs. 30 per ton, which is the price we now pay for rail-borne coal, we shall have an abundant supply of motive power for industrial development.

“ 6. Our large weaver population are in great ^{Handloom industry.} distress owing to the impact of general famine conditions on what already was a problem of great difficulty, viz., competition of the cloth produced by mills in other parts of India and dumped on our markets, both urban and rural. Gruel centres have been opened in certain urban weaving areas, to meet the acute distress among the infirm and the children. About 200 centres are now functioning to provide relief. The scheme which I had referred to in the last budget-speech, for providing employment to weavers through the agency of co-operative organizations, has met with some measure of success. Stocks worth over one crore of rupees, had at one time piled up with co-operative societies, but the off-take improved during Pongal and the accumulated stock has fallen off to about Rs. 60 lakhs worth. There was improved movement in the private sector of this industry also and let us hope that we have passed

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through the worst phase of this crisis. The House will, however, agree with me that the least that should be done for these people, is to secure them a completely protected market in certain categories of cloth, viz., dhoties and sarees, so that they may ply their trade with confidence, and unemployment, as vast as undeserved, may not continue to prevail in this State.

Food situa-
tion.

“ 7. Dealing with the food situation, the levy in surplus districts is making fair progress and we have a stock of about 2 lakhs of tons of rice. The quota of $2\frac{1}{2}$ lakhs of tons promised by the Central Government is also moving in from surplus States. The off-take in fair price shops has fallen off after the harvest, with the result that large stocks have now to be held on Government account and this is causing serious ways and means difficulties. There need be no apprehension about our ability to maintain supplies in fair price shops all through the year. When we remember that we have been able to do all this, during a time when the season was adverse, it may not be unreasonable to hope that in normal times, the food economy of the State can be maintained without over-much dependence on imports. In computing what additions we must make to our agricultural production, we should remember that such additions do not all run into distribution. Much of it makes up for remedying existing malnutrition in the countryside.

Prices.

“ 8. Prices in general have steadied up at a lower level, after the sharp fall noticed early last year. This is indeed, a welcome feature, but it has of course affected the returns from the General Sales Tax. As against a revenue of Rs. $15\frac{1}{2}$ crores realized under this head in 1951-52, the revised estimate for the current year is only about Rs. 14 crores, which is again half a crore less than the budget estimate

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prepared earlier in the year. We should not mind loss of revenue under this head, if that is due merely to a lowering of the price-level. When prices fall, the costs of administration may also be expected to diminish correspondingly. What is material is that the volume of trade, measured in commodities, should not fall, because it is this turnover which provides employment. The depression caused by the sharp fall in prices last year, is lifting and trade seems to be running smooth.

“ 9. In presenting this interim budget, although I do not propose to review the progress made in respect of the various development schemes, I must refer briefly to the Community Projects, for which a token provision alone had been made in the budget-estimates of this year. The projects were inaugurated last October in six centres and intensive operations have just commenced. The scheme is intended to intensify co-operative effort in those centres, in order to better living conditions. The greatest emphasis is being laid on growing more food and farmers will be assisted with manures, implements and improved seeds. Three training centres under the Ford Foundation have been opened to train village guides. It is too soon to assess the work so far turned out, but let us hope that substantial results will follow. A provision of Rs. 71 lakhs has been made in the Revised Estimate of the year and of Rs. 111 lakhs in the budget for the coming year. The Government of India have agreed to assist this scheme with grants and credit has been taken for Rs. 29 lakhs in the current year and Rs. 56 lakhs in the coming year under this head. Community Projects.

“ 10. The recommendations of the Finance Commission on the division of certain resources between the Centre and the States have been published and accepted by the Centre. In placing our Finance Commission.

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case before the Commission, we had pressed three points. We wanted that the share of income-tax payable to States should be increased from 50 per cent to 60 per cent. The Commission has recommended an increase from 50 per cent to 55 per cent, meeting our request half-way. In the division of this share between the different States, we had pressed that the respective populations of the States should be the only consideration, as that would be a true measure of the financial need of each State and that no special weightage should be given to industrialized States which seemed to show larger collections. The Commission evolved a compromise formula under which 80 per cent of the share of States should be divided in the proportion of population and the remaining 20 per cent on the basis of collection. We claimed a share from Excise duties levied by the Centre. The Commission has recommended to the States, 40 per cent of the Excise duties on tobacco, matches and vegetable products, to be divided in the proportion of population. Our requests have not been granted in full, but we cannot say that we have been wholly disappointed. Under the Deshmukh-award, which was in force till last year, the share of Madras in Income-tax, was $17\frac{1}{2}$ per cent of the divisible pool for Part A States. Under the present award, the share of Madras is $15\frac{1}{4}$ per cent of the divisible pool for Part A and Part B States put together. In respect of Part A States alone, our share will now work out to about 18 per cent, which means that we have gained half per cent. This relative advantage is, however, not material, because the *per capita* collection in Part B States is less than in Part A States. The budget for the current year had taken credit for Rs. 884 lakhs under Income-tax, but our share will now go up to Rs. 926 lakhs. The budget did not take credit for a share of the Excise

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duties and we may get about Rs. 289 lakhs under this head in the current year and similar receipts may be expected in succeeding years. Our revenue position has thus improved by Rs. 331 lakhs over budget estimates, largely through the award of the Finance Commission. I am sure the House will join with me in placing on record our appreciation of the good work of the Commission, in having secured a measure of recognition to the growing needs of the States on the Revenue side. On the prosperity and order prevailing in the States, depend the strength and stability of the Centre.

“ 11. We had been levying sales tax in the past, on the consumption of tobacco, both raw and manufactured. At the request of the Centre, the Madras Government had suspended the levy of this tax some years ago, the Centre having thought it inexpedient that the State should levy a tax, the same time the Centre was collecting heavy excise duties on that commodity. We were getting a compensation of Rs. 56 lakhs per annum for the loss of this revenue. The Finance Commission has now recommended and the Government of India have agreed, that this compensation may be stopped with effect from next year and the State may be given back the freedom to levy sales tax. It is, therefore, proposed to resume the levy of sales tax on tobacco, with effect from the ensuing year. By a levy under the existing law, we may realize about Rs. 16 lakhs more from this source than what we were getting as compensation from the Centre. Tobacco compensation.

“ 12. When I presented the budget for the current year in June, I had expected that the accounts of the year 1951-52 would show a deficit of Rs. 3½ crores. The accounts have since been closed by the Accountant-General and the actual deficit for 1951-52 is Rs. 5 crores. This deficit has further cut into the Revenue Reserve Fund. Accounts, 1951-52.

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Revised
Estimate,
1952-53.

“ 13. In presenting the budget for the current year, I had estimated the revenue at Rs. 6,176 lakhs and expenditure at Rs. 6,535 lakhs, showing a deficit of Rs. 359 lakhs. It was proposed to cover this deficit by measures of additional taxation to the extent of Rs. 270 lakhs, leaving an uncovered balance of Rs. 89 lakhs. As the House is well aware, it was not possible to push through all those measures of taxation. Even the modified surcharge on bus-fares came into force late in the year. The extra revenue that may materialize during the year from new taxes will not exceed Rs. 68 lakhs. The revised estimate for the year shows a revenue of Rs. 6,336 lakhs and an expenditure of Rs. 6,876 lakhs, which means a deficit of Rs. 540 lakhs. This deficit appears, in spite of the improvement in revenues to the extent of Rs. 331 lakhs under the award of the Finance Commission and Rs. 68 lakhs as the proceeds of additional taxation. The yield from the major sources of revenue, such as Sales Tax, Land Revenue, Forests and Registration, has dropped appreciably on account of famine conditions and the lower level at which prices have stabilized. The expenditure has gone above the original estimate by about Rs. 341 lakhs, very largely on items relating to famine relief.

Economics
in Expendi-
ture.

“ 14. The House may be aware that some retrenchment has been effected in establishments dealing with the procurement and distribution of food. Since relaxation of controls came into force half-way through the year and the surplus staff could not be disbanded abruptly, the saving in the current year will amount only to Rs. 25 lakhs; but it may be doubled next year. The staff of this department is now about one-half of what it was a year ago and further possibilities of retrenchment without causing undue distress are being examined. The Government have also ordered a 10 per cent cut in the salaries of

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officers drawing above Rs. 300, the cut being imposed only on the excess over Rs. 300. The Governor, the Honourable Speaker and Chairman and all Ministers have accepted this cut voluntarily. The question of applying this cut on officers of the All-India cadres working in this State is still under the consideration of the Government of India. The pay-cut may not be spectacular or make substantial saving, but it may go a long way to demonstrate that those in the service of Government are sharing difficulties and privations with the tax-paying public.

“ 15. The revised estimate for Capital expenditure is Rs. 21 crores, as against the original estimate of Rs. 19·86 crores. The bulk of the expenditure is on irrigation—Rs. 10·49 crores—and on electricity—Rs. 8 crores. The excess over the original estimate is largely due to the increased provision on the Tungabhadra Project, the outlay on which is now fixed at Rs. 417 lakhs as against Rs. 290 lakhs originally provided for. Honourable Members may see the details of the provision made on each work in Appendix II of the printed copy of this speech. Capital expenditure.

“ 16. The budget for the year anticipated a net disbursement of Rs. 9 lakhs under State Trading schemes. The net disbursement is now expected to be Rs. 391 lakhs and this worsening is due to the large stocks of rice and chemical manures expected to be held on Government account at the close of the year. State Trading Schemes.

“ 17. The budget had provided for a net outlay of Rs. 132 lakhs under loans and advances to agriculturists, local bodies, co-operative and other organizations. The revised estimate has now been fixed as a net outlay of Rs. 283 lakhs. The increase is largely due to the more liberal grant of subsistence and takkavi loans to agriculturists in the famine-affected areas. Loans and Advances.

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Open-market
loan.

“ 18. The budget took credit for a loan of Rs. 4 crores from the open market, in spite of a more cautious and conservative policy advised by financial circles. Honourable Members are aware of the success of this Government's flotation of Rs. 5 crores, last August. The response, especially from agriculturists, was very gratifying indeed and the loan was substantially oversubscribed, long before the scheduled time for closure. There was enthusiastic co-operation all round and Collectors of districts were put to some embarrassment, in having had to return amounts on their way to the treasuries, when the closure was announced. The issue price of the loan was Rs. 99-12-0, but the securities are now selling in the open market at about Rs. 100-12-0. A sum of Rs. 525 lakhs was realized and the earlier loan of Rs. 219 lakhs, which had matured this year, was repaid. I am full of hope that an equally satisfactory response will be forthcoming when we go into the market again.

Loans from
the Central
Government
and Com-
mercial
Banks.

“ 19. The Government of India have agreed to grant us loans to the extent of Rs. 1,031 lakhs this year, and this is made up of Rs. 734 lakhs for irrigation works, Rs. 200 lakhs for famine relief, Rs. 95 lakhs for Grow More Food schemes and Rs. 2 lakhs for other objects. In addition, they have given a short-term advance of Rs. 110 lakhs for agricultural purposes which is repayable before the end of the year. A sum of Rs. 100 lakhs was taken from a commercial bank for ways and means purposes and this will have to be repaid in next May.

Ways and
Means
Budget,
1952-53.

“ 20. The current year opened with a minus cash balance of Rs. 442 lakhs. The commitments on the Ways and Means side are—

	RS.
	LAKHS.
Minus cash balance	442
Revenue deficit for the year	540
Capital expenditure	2,100
Net disbursements on State Trading schemes	391
Net disbursements on loans, advances and deposit transactions	313
Making up a total of	3,786 lakhs.

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As against this commitment, the available resources are—

	RS.
	LAKHS.
Open market loan less repayment ..	306
Loans from the Central Government less repayment	1,012
Temporary accomodation from a Commercial Bank	100
Sale-proceeds of securities ..	1,449

Making up a total of ..	2,867 lakhs.

This means that the year is expected to end up with a minus cash balance of Rs. 919 lakhs. Since these estimates were framed, we have been making large advances to other States, towards the cost of rice expected to be supplied by them and this may still further increase the minus cash balance at the end of the year. With the sale of securities for Rs. 1,449 lakhs indicated earlier, we have exhausted our Reserves.

“ The immediate cause for the depletion of our reserves was the large outlay on famine relief measures. The assistance which has been held out by the Centre on famine relief measures so far, is a loan of Rs. 2 crores and a grant towards half the cost of running gruel centres. Representations have been made to the Government of India, seeking substantial grants and let us hope that the response will be favourable enough to enable us to wipe off these deficits, and begin on a clean slate.

“ 21. I shall now pass on to the Budget proposals for 1953-54. Revenue for the year is estimated at Rs. 6,574.71 lakhs and expenditure at Rs. 6,574.51 lakhs, leaving a nominal surplus of Rs. 20,000. Credit is being taken for an additional receipt of about Rs. 50 lakhs by revising court-fees. Proposals for the

Budget
Estimate,
1953-54,
Revenue
Account.

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amendment of the Court Fees Act have been under the consideration of the Government for some time and it is now proposed to push this legislation through. No other measure of taxation is being proposed now, except what I had referred to already, namely, what follows from the termination of the Government of India's agreement on tobacco taxation. The taxation measures already approved during the current year, may bring in about Rs. 152 lakhs next year. Receipts under General Sales Tax have been fixed at Rs. 1,400 lakhs, the same as in the revised estimate for the current year. The estimated expenditure for next year is less than the revised estimate for the current year, by Rs. 301 lakhs. This is on the assumption that seasonal conditions in the ensuing year will turn out favourable. A cut has been made in the allotment for contingent expenditure of all departments, with reference to general instructions recently issued by the Government, for greater economy under this head. Appendix I to the printed copy of this speech gives particulars of revenue and expenditure under all heads.

New
schemes.

“ 22. In view of the impending formation of the Andhra State, provision for new schemes has been restricted to those which are more or less continuations of existing schemes. The cost of new schemes during the year is estimated at Rs. 65 lakhs, particulars of which can be found in Appendix I to the Budget Memorandum.

Capital
expenditure.

“ 23. Capital expenditure has been provisionally fixed at Rs. 1,842 lakhs which includes Rs. 653 lakhs on irrigation, Rs. 927 lakhs on electricity, Rs. 139 lakhs on buildings and Rs. 75 lakhs for the payment of compensation for abolished zamindari estates. In the matter of extension of electricity to new consumers, the Government have decided to invite contributions

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from the beneficiaries, towards the capital expenditure. Priority will be given to schemes on which a large measure of contribution is forthcoming from the people. The amounts advanced will bear interest and will be repayable after a specified period of years. In view of this new policy, the usual provision has not been made for taking up extension schemes. No major work is being newly included in the budget and the provision for each of the major works under execution has been kept down to the bare minimum, short of doing what may cause waste in over-heads. Many of these works are in an advanced stage of construction, where it would be unwise and impracticable to go slow. The Tungabhadra and the Lower Bhavani projects are expected to be mostly completed in the budget year, bringing under irrigation about half-a-million acres of land. The Machkund hydro-electric project and the Pykara hydro-electric extension will also be reaching the last stage by the end of the year. Appendix II^a to the printed copy of this speech gives particulars of provision made for each work.

“ 24. The general Ways and Means requirements of the year are— Ways and Means, 1953-54.

	RS. LAKHS.
Capital expenditure	1,842
Loans and advances—Net disbursements	22
Repayment of loans raised in 1938 and maturing in the year and a part of other loans	162
Repayment of loans taken from the Government of India	20
Repayment of loan from a Commercial Bank	100
Making up a total of ..	2,146 lakhs.

^a See pages 387-389 infra.

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As against this, we may expect a net credit of Rs. 373 lakhs under State Trading schemes, on account of the stocks of foodgrains and chemical manures in our godowns and a net credit of Rs. 150 lakhs under deposit transactions, making a total of Rs. 523 lakhs. The balance of Rs. 1,623 lakhs should be obtained by borrowing, there being no reserves to draw upon. Honourable Members may, therefore, see that our budget is highly deficit, because we do not have in sight the means to meet the capital expenditure. The Government of India and the open market are our only resources in this respect. We may be able to raise an open market loan of Rs. 500 lakhs again this year. For the balance, we will have to depend entirely on the assistance from the Central Government in some form or other. Our Capital Expenditure schemes are all part of the Five-Year Plan and the finding of resources required for them must be deemed to be a national obligation and not only a problem of this State.

Five-year
Plan.

“ 25. The Five-Year National Plan relating to this State, envisages an outlay of about Rs. 141 crores during the five years. Of this sum, Rs. 85 crores cover Capital works on irrigation and electricity, such as the Tungabhadra, the Lower Bhavani, the Machkund, the Moyar and other projects. The balance of Rs. 56 crores is to be spent on Social Services, including aids to agriculture and industry. This part of the plan is made up of hundreds of new development schemes, both big and small. The formation of a new road, the construction of a new bridge, the opening of a new hospital or school, additions to the capacity of existing welfare institutions, the sinking of new public wells and the supply of manures and seeds to agriculturists are all included in this part of the plan. The capital expenditure of Rs. 85 crores was expected to be met by withdrawal from the reserves to the

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extent of Rs. 30 crores, by Central assistance to the extent of Rs. 30 crores, by open market loans to the extent of Rs. 20 crores and by the surplus from deposit transactions to the extent of Rs. 5 crores. The outlay of Rs. 56 crores on social and other services, was to be met from current revenues, i.e., from the normal revenue budgets of the five years, supplemented by additional taxation of about Rs. 20 crores and economies in unproductive expenditure of about Rs. 5 crores. Broadly, the scheme of the Plan in respect of resources, was that the State should shoulder additional burdens to balance the Revenue budgets of the five years, after providing for all schemes in the Plan, which should normally be met from current revenues. If that can be done in all the five years, then there will be sufficient resources in the form of accumulated reserves, Central aid, and open market loans, to cover the capital programme. Two, out of the five years of the Plan, have run out. On the average, the outlay for each year is expected to be Rs. 28 crores, of which Rs. 17 crores may be for irrigation and electricity projects and Rs. 11 crores under other heads. In 1951-52, the capital outlay on irrigation and electricity works was about Rs. 17 crores and the expenditure on other schemes covered by the Plan, was Rs. 10 crores making a total of Rs. 27 crores, as against the average of Rs. 28 crores. The progress in the first year of the Plan may, therefore, be considered satisfactory. But on the resources side of the Plan, the Revenue budget of the State for that year, far from being balanced, showed a deficit of Rs. 5 crores. In 1952-53, the figures are Rs. 18 crores on irrigation and power and Rs. 11 crores on other schemes, making a total of Rs. 29 crores. The outlay has thus exceeded the average by about rupees one crore, but here again, the Revenue budget has a gap of about Rs. 5½ crores and that too, after

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taking into consideration, the additional receipt of about Rs. 3 crores from the Centre, on the award of the Finance Commission. As far as execution is concerned, the implementation may be deemed to have kept pace with the Plan. Results, however, have not accrued proportionately, but that is because the major works on the capital side are still under execution and may take some more time for fruition. For the ensuing year, i.e., the third year of the Plan we have programmed for an outlay of only Rs. 15½ crores on capital works, and Rs. 9½ crores under other heads. The gap on the Revenue side may be expected to be filled in, at the time of the regular budget, if the two separated States are able somehow to gather the necessary additional money, in which event, this side of the Plan will be maintained in the third year also. But we do not yet see the resources for the outlay on the Capital side. The Government had raided the reserves for three years in succession, to balance Revenue budgets, instead of balancing them with additional taxation. The National Plan, as far as our State is concerned, appears to be breaking down on the side of resources. But it is largely due to the famine, which has depleted our reserves to the extent of about Rs. 10 crores and also due to our inability to levy fresh taxation under the circumstances prevailing in this part of India. We made a brave attempt to raise new taxes in the current year and not without some measure of success. Let us hope that the Legislatures of the two new States will be able to deal with this matter more competently. The recent pronouncements made by the Central Finance Minister on deficit financing, give us hopes that further and full assistance may come from the Centre, to the extent our State is genuinely unable to meet its commitments according to the National Plan. The upsetting of our resources-plan should not depress us,

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as long as we are honest and wholeheartedly strive to do what has been planned. Money is no more than borrowed work and as long as the latter is honestly forthcoming and the plans are sound, there is no need for alarm or depression.

“ 26. Particulars of expenditure on schemes covered by the plan are given in Appendix IV^a to the printed copy of this speech. In preparing the plan for this State, the Planning Commission may claim to have preserved the relative balance in the development of this State, as compared to the development of the rest of India. The partition may make a difference and the respective portions of the plan of the two new States may not each maintain that relative balance with the plan for the rest of the country. To the extent the balance is upset, the plans for the two States may have to be reconsidered to make them more in accord with the needs of the two States and the resources at their disposal.

“ 27. The total of Public Debt and other liabilities of the State under all heads is estimated at Rs. 97 crores at the end of the current year. As against this, we hold capital and remunerative assets worth Rs. 134 crores. The details may be seen in Appendix II to the Budget Memorandum. The position continues to be satisfactory. The question is often being asked as to what had happened to the Reserves accumulated during the War-years. On the 31st March 1946, we held securities worth about Rs. 44 crores in the Revenue Reserve Fund and Cash Balance Account. During the post-war years, we have spent on all capital works, including payment of compensation to zamindars, a total sum of Rs. 87 crores and also lent to agriculturists, industrialists, local and other public bodies a net sum of Rs. 19 crores, making a total investment of Rs. 106 crores. During this period, we borrowed from the Government of India and the open

Assets and liabilities.

^a See page 394 infra.

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market, a net sum of Rs. 40 crores. The reserves were utilized to cover the balance of Rs. 66 crores. Honourable Members may thus see how the reserves were used.

Budget
figure for
Telugu
districts.

“ 28. For the information of the Honourable Members, the budget estimates of revenue and expenditure of the State have been distributed between the Telugu area and the residuary area and brought forward as a separate volume, which is being circulated along with other budget papers. The estimates for Bellary district have been included under the residuary area in that volume, without excluding the Telugu taluks. It is only provisional. (Interruptions from the Opposition Benches.) If Bellary district is to be included in the Andhra area, the figures can be changed easily. The methods adopted by the Finance Department for this purpose are not infallible and have no political significance, but are rough and ready ones, as explained in the preface to the volume. The Revenue in 1953-54 for the Telugu districts is placed at Rs. 2,077 lakhs and expenditure at Rs. 2,280 lakhs, showing a deficit of Rs. 203 lakhs in the Revenue account. The corresponding figures for Telugu districts in the revised estimates for the current year are, Revenue Rs. 1,954 lakhs and expenditure Rs. 2,461 lakhs, showing a deficit of Rs. 507 lakhs. One reason for the bigger deficit in the current year may be the large outlay on famine relief measures in Rayalaseema. Of the capital expenditure of Rs. 1,842 lakhs proposed in the budget, Rs. 871 lakhs relate to the Telugu areas, including the Tungabhadra Project, and Rs. 971 lakhs to the residuary area. The corresponding figures in the revised estimates for the current year are Rs. 971 lakhs for Telugu areas, including the Tungabhadra Project, and Rs. 1,129 lakhs for the residuary areas. It should be clearly understood that these figures cannot and will not

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operate as a separate budget for the two areas, so long as this State continues a composite one. The separation will probably be accompanied by changes in administrative and financial policies, which will materially affect these figures.

“ 29. During the general discussion on the budget of the current year, many Honourable Members expressed to me their difficulty in understanding the budget documents. The Finance Department has now put out a small pamphlet, explaining the scope of the budget and some of the special expressions used in the budget-publications. The Finance Secretary has taken great care to present the matter in as easy a shape as possible. Copies of this pamphlet are being circulated and Honourable Members, who are laymen like me, will find therein a good deal of useful information, as indeed, I had discovered for myself. An introduction to the Budget — A new publication.

“ 30. I take this opportunity to place on record our gratitude to the Governor of the Reserve Bank for the consistent support he has been giving us in all our Ways and Means difficulties. The officers of the Finance Department have, as usual, put in their untiring and ungrudging service, to all of whom and to the Secretary Sri T. A. Varghese in particular, I offer my grateful appreciation and thanks. I conclude, Sir, with the hope that the House will realize the limitations under which this interim budget has been prepared and is now being presented and deal with it with the usual business-like approach, for which this Assembly has earned a just reputation.” Conclusion.
(Cheers.)

MR. SPEAKER :—“ The House will now adjourn and meet again at 8-30 a.m. on Tuesday, 17th March 1953.”

The House then adjourned.